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No. 04-869

SUPREME COURT, U.S.
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In The
Supreme Court of the United States

NISSAN MOTOR CO., LTD. AND
NISSAN NORTH AMERICA, INC.,

Petitioners,

v.

NISSAN COMPUTER CORPORATION,
AND THE INTERNET CENTER, INC.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Does use of an Internet domain name that matches both the user's name and a purportedly famous trademark to post links to disparaging commentary about the owner of the "famous" mark constitute commercial speech that may be enjoined under the Lanham Act without abridging the user's rights under the First Amendment?

2. Can an injunction that bars the posting of links on a website to commentary that disparages the owner of a purportedly famous trademark be justified under the First Amendment on the theory that adverse impact on the trademark holder's business makes the speech "commercial"?

3. Assuming that the doctrine of "initial interest confusion" states a valid theory of trademark infringement, does that doctrine support an injunction in favor of one trademark holder against another party who also has rights to the mark in a different industry, barring the use of the mark to sell goods or services unrelated to those of the trademark holder?

LIST OF PARTIES AND CORPORATE DISCLOSURE STATEMENT

Nissan Computer Corporation and The Internet Center, Inc. were the defendants and appellants/ cross-appellees in the courts below.

Nissan Computer Corporation is a privately-held corporation wholly owned by an individual, Uzi Nissan. The Internet Center, Inc. is a privately-held corporation, wholly owned by Uzi Nissan and two other individuals.

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OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

OPINIONS BELOW

Petitioners' statement of the opinions below is generally accurate. The petition fails to include the district court's order granting summary judgment in favor of Respondents on the cause of action under the Anticybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. § 1125(d), which is reported at 61 USPQ2d 1839 (C.D. Cal. 2002). It is included in the Appendix to this Opposition (Opp. Appx., pp. 1-16).

STATEMENT OF THE CASE

Certiorari should be denied because two of the questions that petitioners ask the Court to consider are not presented here and either were not preserved below or do not require the resolution of any legal issue that has divided the lower courts. The first two questions rest on the proposition that petitioners' trademark is famous, and focus on the relief that should be provided on that assumption. However, the court below reversed the district court's rulings on famousness and dilution, and remanded for a trial on the merits on those issues. Because petitioners do not seek review of those rulings, the legal issues on which petitioners do seek review are strictly interlocutory and do not merit consideration. Nor is there any disagreement about those issues among the lower courts given the peculiar facts presented here, where *both* parties enjoy trademark rights in the same name.

The third question presented – the only one that does not rest on the assumption that petitioners' mark is

famous – asks the Court to adopt the doctrine of "initial interest confusion," a variety of trademark infringement that some lower courts have accepted, and then expand it to a situation in which *none* of the lower courts have deemed it applicable. Petitioners request that this Court find trademark infringement based on the use of the mark to promote goods and services unrelated to petitioners' own, thus affording a trademark holder "rights in gross" in the term. There is no division among the lower courts on that question.

A. Facts.

1. Uzi Nissan's Unrestricted Use Of His Surname In Business Names Until 1999.

Uzi Nissan was born in Israel. As the court below noted, "'Nissan' is a common Jewish/Israeli last name, a Biblical term originally identifying the first month in the calendar, the contemporary name of the seventh month in the Jewish Calendar [and] the Arabic word for April." Pet. Appx., p. 17a.

Mr. Nissan immigrated to the United States in 1976 and settled in North Carolina. There he opened a series of businesses that incorporated his surname, including Nissan Foreign Car Repair Service starting in 1980, and Nissan International, a computer and heavy equipment export company, starting in 1987. Pet. Appx., p. 5a. In 1991, Mr. Nissan started respondent Nissan Computer Corporation and licensed it to use his name. Pet. Appx., p. 5a.

For 19 years, from 1980 until this action commenced in December 1999, Mr. Nissan advertised his businesses without interference from petitioners Nissan North America, Inc. and Nissan Motor Co., Ltd. (collectively, "Nissan

Motor"), even though Nissan Motor began selling its automobiles in the United States – which had been known as DATSUNs when Mr. Nissan arrived – exclusively as NISSANs in 1985. *See* Pet. Appx., p. 5a.

In 1994, Nissan Computer, pursuant to its license from Uzi Nissan, registered the domain name www.nissan.com, and established a website to advertise its computer-related goods and services.[1] Nissan Motor was aware of Nissan Computer's website by at least July, 1995, but took no action to interfere with Nissan Computer's use of the domain name. In 1996, Nissan Computer registered nissan.net for use in its Internet Service Provider ("ISP") business.

2. Uzi Nissan Used "Nissan" In Commerce Before Nissan Motor Began Extensive Use Of Its "NISSAN" Trademark In The United States.

Nissan Motor registered NISSAN for ships and vehicles in 1959. Pet. Appx., p. 5a. Nissan Motor's registration was based upon treaty rights – *i.e.*, the Paris Convention, section 44 of the Lanham Act – rather than upon use of the trademark in the United States. *See* ER1090, 1095 (1959 applications showing no date of first use). Prior to the mid-1980's, Nissan Motor's vehicles were sold in the

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[1] Nissan Computer was hardly alone in using the word "Nissan" in commerce. As the Ninth Circuit noted, "more than 190 unaffiliated business in the United States, including 'Nissan Thermos,' 'Nissan Chemical,' and 'Nissan Fire and Marine Insurance Company'" use "Nissan" as part of a trademark or tradename. Pet. Appx., p. 17a. There are also *thousands* of web sites that incorporate the word "nissan" in their domain names. Pet. Appx., p. 17a.

United States under the name DATSUN exclusively. Pet. Appx., p. 5a.

Nissan Motor began the transition to using NISSAN on its vehicles in the United States in 1983, but that name did not appear alone on its vehicles until 1985. Pet. Appx., p. 5a. While Nissan Motor claims that it spent almost $900 million in advertising between 1985 and 1991 (Pet. Appx., p. 16a), much of that advertising was spent in correcting the "marketing disaster" of the name change. ER3865; *see* ER1759. In a December 1990 survey, Nissan Motor found that its own employees felt that "Nissan is still confused with Datsun," and that "Nissan has yet to establish its own identity or image." ER3765.

3. Nissan Motor Sues Nissan Computer To Obtain Forced Transfer Of nissan.com And nissan.net.

In 1999, Nissan Motor's marketing department became alarmed that the company lacked a coherent Internet strategy. ER4873. By June 1999, Nissan Motor had determined to acquire nissan.com because it was easy to remember and could be used to tie together the numerous confusing affiliated websites. ER4854. Nissan Motor hoped that nissan.com would remedy the "critical lack of a 'common Nissan face'" on the Internet. ER4878.

While Nissan Motor was belatedly formulating an Internet strategy premised upon possession of nissan.com, the long-time registrant of that domain name, Nissan Computer, decided to sell space for advertising on the site by adding banner advertising links. This was, at the time, a developing Internet business model. ER902-03. The first links on nissan.com appeared in August and September.

Pet. Appx., p. 5a. None of these affiliates operated automobile-related sites. Pet. Appx., p. 5a; *see* ER902. Starting on September 23, 1999, Nissan Computer added links to sites that advertised automobile-related information. Pet. Appx., p. 5a; ER903.

On October 12, 1999, after nearly two decades of silent acquiescence in Uzi Nissan's commercial use of the "Nissan" name, a representative of Nissan Motor contacted Mr. Nissan and informed him that Nissan Motor wished to purchase nissan.com. ER899-900; *see* Pet. Appx., p. 5a. In mid-October meetings in North Carolina requested by Nissan Motor, Mr. Nissan told Nissan Motor's representative that he was not interested in selling. ER900; *see* Pet. Appx., pp. 5a-6a.

During these meetings, Mr. Nissan showed the Nissan Motor representative the advertisements then running on nissan.com. ER900-04. That representative did *not* suggest that Nissan Computer was acting in any way improperly. ER900-03. After that meeting, while Nissan Motor remained silent, Mr. Nissan continued to add advertisers. By early December, 1999, Nissan Computer had a total of 23 advertisers with links on nissan.com, only 5 of which were auto-related. ER903. None of these latter sold automobiles or automobile accessories. ER903.

Mr. Nissan and Nissan Motor's representative met again in North Carolina on December 10, 1999, at Nissan Motor's request. ER901. These negotiations never concluded, however, because, as they were taking place, counsel for Nissan Motor was faxing the complaint in this action to Mr. Nissan. ER901. Nissan Motor candidly admits that this lawsuit is its way of acquiring nissan.com because Mr. Nissan refused to sell. ER4596.

4. The District Court Enjoins Nissan Computer From Exercising Its First Amendment Right To Criticize Nissan Motor.

The complaint faxed in December was the first indication Mr. Nissan had that Nissan Motor considered the automobile-related advertising unlawful. ER900-03. Mr. Nissan removed that advertising the next business day, three months *before* the court entered a preliminary injunction. ER902.

In March 2000, the district court preliminarily enjoined Nissan Computer from posting automobile-related advertisements at nissan.com and nissan.net. Pet. Appx., pp. 6a, 114a-115a. The court further required Nissan Computer to post a prominent disclaimer on nissan.com and nissan.net, disassociating the sites from Nissan Motor, and to post the Web address of the Nissan Motor site. Pet. Appx., p. 115a. The Ninth Circuit affirmed that ruling in an unpublished opinion. Pet. Appx., p. 6a.

After complying with the preliminary injunction, Nissan Computer posted a new link on nissan.com and nissan.net. ER4523-25; *see* Pet. Appx., p. 6a. *Under* the prominent disclaimer stating that the site was not affiliated with Nissan Motor, a line appeared stating substantially "Nissan Motor's Lawsuit Against Nissan Computer." Pet. Appx., p. 6a; ER4524. Clicking on this link transferred the user to another Nissan Computer-owned site, ncchelp.org. Pet. Appx., p. 6a; ER4524.

A banner at ncchelp.org stated "We Are Being Sued!!!." Pet. Appx., p. 6a. This site included tabs linking to various sub-pages entitled: (1) "story," containing Uzi Nissan's description of this litigation and links to various documents, (2) "FAQ," with Mr. Nissan's answers to frequently

asked questions, (3) "news," containing links to media reports, (4) "people's opinions," on which Mr. Nissan posted emails he had received, and (5) "how can you help." Pet. Appx., p. 6a; ER4524, 4529.

As a result of the extensive publicity surrounding this litigation, Nissan Computer received thousands of emails. ER4526-27, 4532-45. Uzi Nissan posted these at ncchelp.org under the "people's opinions" tab. ER4526-27, 4532-45. Although a large majority of the posted comments criticize Nissan Motor, some actually support it. ER4536. As explained below at p. 9, the court concluded that publication of the emails tarnished Nissan Motor's trademark. *See* ER1820, 4425-26, 4465.

B. Proceedings Below.

Nissan Motor commenced this action in December, 1999, asserting claims against Nissan Computer for: (1) trademark dilution under federal and state law; (2) trademark infringement; (3) cybersquatting; (4) false designation of origin; and (5) state law unfair competition. Pet. Appx., p. 6a.

In March 2000, the court granted a preliminary injunction and ordered Nissan Computer to cease posting automobile-related advertising, to post a prominent disclaimer on the nissan.com and nissan.net sites disassociating them from Nissan Motor, and to post the address of Nissan Motor's website. Pet. Appx., pp. 6a, 114a-115a.

In November, 2001, Nissan Motor filed a first amended complaint. ER444. This complaint added claims for infringement and dilution against another corporation in which Mr. Nissan had an interest, respondent The

Internet Center, Inc. ("TIC"), and alleged TIC was liable as Nissan Computer's alter ego. ER452-55. (We refer to both respondents collectively as "Nissan Computer.")

Starting in December 2001, in a series of summary judgment rulings, the court found that Nissan Computer had *not* infringed the Nissan Motor trademark except insofar as it had posted auto-related advertising for ten weeks in 1999. Pet. Appx., pp. 6a-7a, 81a-94a. The court also granted summary judgment to Nissan Computer on the cybersquatting claim (15 U.S.C. § 1125(d)), finding that Nissan Computer had not registered or used the domain names with a bad faith intent to profit. Opp. Appx., pp. 1-16. The court denied initial motions for summary judgment on the claim under the Federal Trademark Dilution Act ("FTDA") (15 U.S.C. § 1125(c)). Pet. Appx., p. 7a. In doing so, the court held that the date of Nissan Computer's first use of the word "Nissan" – and thus the relevant date for judging whether Nissan Motor's NISSAN trademark was "famous" and capable of being diluted – was no later than 1991. Pet. Appx., p. 7a.

In August, 2002, the court ruled on renewed cross-motions for summary judgment on dilution, as well as cross-motions by TIC and Nissan Computer on the alter ego and dilution issues. In granting summary judgment to Nissan Motor against Nissan Computer, the district court decided that, contrary to its earlier ruling, the relevant date for measuring the "fame" of NISSAN was 1994, the date of registration of nissan.com. Pet. Appx., pp. 7a, 55a-57a. Using that date, the court found that Nissan Computer had begun using "Nissan" after the Nissan Motor trademark had become famous, and that use of the word at nissan.com had diluted Nissan Motor's mark. Pet. Appx., pp. 64a-68a. The court also determined

that the "disparaging commentary" posted on ncchelp.org, the website linked to the "We Are Being Sued!!!" banner at nissan.com and nissan.net, tarnished the Nissan Motor mark. The court further ruled that TIC was liable for dilution directly and as an alter ego of Nissan Computer.[2] ER4321, 4327.

Following these orders, the parties entered into a stipulation dismissing all remaining claims to expedite the appeal. They stipulated to damages of $76,000, contingent upon affirmance of the liability rulings. ER4516-20.

Based on its summary judgment on the dilution cause of action, the court entered a permanent injunction against Nissan Computer and TIC in November, 2002, that attempted to balance the parties' respective rights in the Nissan name, while adopting what the court deemed the narrowest possible injunction. Pet. Appx., pp. 37a-44a. The court decided that Mr. Nissan and his companies should not be deprived of the right to domain names that reflected their Nissan mark. Pet. Appx., p. 43a. At the same time, the district court prohibited them from posting commercial content or advertising at nissan.com or nissan.net. Pet. Appx., p. 43a. It also prohibited Nissan Computer from posting "disparaging remarks or negative commentary regarding" Nissan Motor on the sites, or posting links to such commentary. Pet. Appx., pp. 43a-44a.

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[2] TIC's liability arose out of its ownership of a website at the domain name hotlinks-usa.com. For a short time, there was a link from one of the sub-pages at nccchelp.org, the site linked to the "We Are Being Sued!!!" banner on nissan.com, to hotlinks-usa.com. The latter site, in turn, offered banner advertising. ER 4525-26. In approximately April, 2001, Mr. Nissan removed the link from ncchelp.org to hotlinks-usa.com, because the total revenue of hotlinks-usa was less than the amount needed to maintain registration. ER 4526, 1820.

It reasoned that such criticism was tantamount to commercial speech, which could properly be enjoined under the Lanham Act without transgressing respondents' First Amendment rights, because the adverse impact of the criticism on Nissan Motor's business rendered the speech commercial. Pet. Appx., pp. 31a-35a, 42a.

Both sides appealed this judgment, and both sides focused their discussion on the propriety of the determination that Nissan Motor's mark had become famous before Nissan Computer began to use that mark in commerce. *See* Pet. Appx., pp. 8a-9a. Nissan Computer argued that there were genuine issues of fact material to two key legal issues – when Nissan Motor's mark had become famous, and when Nissan Computer's commercial use of that same mark had begun. Pet. Appx., pp. 10a-11a. Nissan Computer also argued that the district court's injunction against the use of the Nissan domain names to post disparaging commentary about Nissan Motor was a content-based injunction, and that the First Amendment barred that injunction because criticism of a business is not commercial speech, and the fact that such criticism may have an impact on the business does not make it commercial. Pet. Appx., pp. 19a-20a. Nissan Motor cross-appealed from the district court's infringement ruling, arguing that the doctrine of initial interest confusion applied equally to all commercial uses of the Nissan domain names, not just those related to automobiles. Pet. Appx., pp. 25a-26a. However, Nissan Motor did not appeal the district court's summary judgment against Nissan Motor on its claims under the cybersquatting statute.

On August 6, 2004, the Ninth Circuit affirmed in part and reversed in part. As the parties had done, the court devoted its principal attention to the question whether

Nissan Motor's mark had become famous before Nissan Computer began using that mark in commerce. The Ninth Circuit ruled that the district court improperly granted summary judgment on these issues. The Ninth Circuit determined that the date on which the "fame" of the Nissan Motor mark was to be measured – and thus the date for determining whether Nissan Computer's use was "grandfathered" under the FTDA – was, at the latest, 1991, when Nissan Computer was incorporated, and might even be as early as 1980, when Uzi Nissan, Nissan Computer's licensor, began using the "Nissan" mark in commerce. Pet. Appx., pp. 10a-15a & n. 2. Because the district court had measured fame as of 1994, the court of appeals found that there were issues of material fact concerning the "fame" of the Nissan Motor mark. Pet. Appx., p. 15a. The Ninth Circuit also found that there was no evidence of "actual dilution" as required by this Court's then-recent opinion in *Moseley v. V Secret Catalogue*, 537 U.S. 418 (2003). Pet. Appx., p. 18a. The Ninth Circuit therefore reversed the summary judgment on dilution and remanded for further proceedings.

Turning to the remaining issues in the case, the Ninth Circuit upheld the district court's disposition of Nissan Motor's infringement claims, holding that Nissan Computer did *not* infringe Nissan Motor's mark when it used its website at nissan.com to advertise non-automobile-related goods and services. Pet. Appx., pp. 23a-26a. It also agreed with the district court that Nissan Computer *did* infringe, under the "initial interest confusion" doctrine, when it posted automobile-related advertising for ten weeks in 1999. Pet. Appx., pp. 23a-26a.

Notwithstanding that the case had to be remanded in any event, the Ninth Circuit also examined the portion of

the judgment enjoining Nissan Computer from posting links on nissan.com to sites critical of Nissan Motor. The Court ruled that the injunction violated the First Amendment because: (1) it enjoined non-commercial expression which is protected not only under the Constitution, but expressly excepted from the reach of the FTDA, and (2) the injunction was a content-based prior restraint, because it barred links only to sites *critical* of Nissan Motor, not links to sites that praised the automaker. Pet. Appx., pp. 19a-23a.

Nissan Motor sought rehearing and rehearing en banc. No judge voted for a panel rehearing or a rehearing en banc. Pet. Appx., p. 119a.

REASONS FOR DENYING THE PETITION

Certiorari is sought here to consider two questions about the impact of a determination that a mark is "famous" and hence protected against dilution, and a third question that pertains solely to an issue of trademark infringement. The petition should be denied because the first two questions are not even presented. Both questions assume the propriety of district court rulings on famousness and dilution, when in fact those rulings were reversed below. Since Nissan Motor does not contest those rulings in this Court, Nissan Motor is essentially asking this Court to render an advisory opinion about a constitutional issue.

Moreover, the Ninth Circuit upheld Nissan Computer's use of domain names that incorporate a mark in which it, as much as Nissan Motor, has trademark rights, a fact that distinguishes this case from all of the lower

court rulings that Nissan Motor argues are in conflict with the decision below. Because the facts here are *sui generis*, this case is not an appropriate vehicle to decide Nissan Motor's questions even if they were properly presented.

The third question presented, concerning the doctrine of initial interest confusion, seeks review of an unexceptional lower court decision about that doctrine in trademark infringement, and even Nissan Motor does not contend that there is any division among the lower courts about the question on which it seeks review. There is, therefore, no basis for certiorari here.

A. The First Two Questions On Which Nissan Motor Seeks Review Are Not Presented Here Because They Depend On A Factual Premise That The Nissan Motor Trademark Is Famous And The Ninth Circuit Reversed The District Court's Finding To That Effect, And Because There Is No Conflict Between The Ruling Below And The Decisions Of Other Lower Courts In Any Event.

1. The first two questions on which Nissan Motor seeks review involve the proper remedies to be granted in favor of the owner of a famous trademark against another person who has been found to have diluted the mark. The district court decided that Nissan Computer could retain its Nissan domain names, which contain the name of Mr. Uzi Nissan and the predominant portion of the name of his business, Nissan Computer. However, the district court enjoined the use of the Nissan domain names to post any commercial content and to post any criticism of Nissan Motor. The court of appeals overturned that injunction, in part because it was a content-based injunction against

non-commercial speech and hence violated the First Amendment, and Nissan Motor asks this Court to consider two separate questions about how the Lanham Act and the First Amendment should apply to domain names that incorporate famous trademarks.

But the petition glosses over a key aspect of the ruling below which completely undermines the basis for the petition. As the case comes before this Court, it is not established that the Nissan Motor trademark is famous, and it is not established that Nissan Computer can be found liable for dilution in any respect. The district court's summary judgment in favor of Nissan Motor on the dilution claim was reversed on two wholly independent grounds: (1) that Nissan Motor had not established as a matter of law that Nissan Motor's mark was "famous" as of the date that Nissan Computer began to use the mark in commerce, and (2) that Nissan Motor did not prove that Nissan Computer's use of the Nissan Motor mark actually diluted that mark. Pet. Appx., pp. 15a, 17a-18a. Until a trial on the merits is held and the district court makes the requisite findings on these key issues, there can be no occasion for this Court to consider the impact of famousness and dilution law on Nissan Computer's use of the "Nissan" name on the Internet. The questions are simply not presented.

By the same token, Nissan Motor fails to acknowledge that the district court's permanent injunction would have to be vacated *regardless* of its First Amendment defects. The injunctive order requiring Nissan Computer to refrain from posting links on nissan.com and nissan.net to sites that are critical of Nissan Motor was based solely and explicitly upon the district court's grant of summary judgment to Nissan Motor on its cause of action under the

FTDA. *See* Pet. Appx., pp. 27a, 39a. The Ninth Circuit found that the district court erred in granting summary judgment on the FTDA cause of action for reasons wholly separate from the rulings on which petitioners now seek review. Pet. Appx., pp. 15a, 17a-18a. Nor does Nissan Motor challenge the Ninth Circuit's decision insofar as it addresses the statutory defects in the district court's dilution ruling. Accordingly, a favorable ruling on petitioners' contentions would have no impact on the Ninth Circuit's decision reversing the district court's judgment and remanding for further findings. Quite simply, petitioners seek an advisory ruling.

2. A second procedural flaw in the petition is that petitioners' arguments rely upon a factual assertion that "as a matter of common usage and understanding, a famous trademark used as an Internet domain name says 'this is the gateway to the official website of the owner of the trademark, where consumers can learn more about the owner's goods or services'" (Pet. For Cert., p. 10), and that consumers are therefore misled *whenever* they "take a stab" at finding a particular company by typing "trademark-plus-dot-com" in their Internet browsers.[3] But when

[3] Nissan Motor's factual assertion that "as a matter of common usage and understanding" consumers associate a domain name with a particular trademark user is pure speculation, particularly with regard to a name as ubiquitous in commerce as "Nissan." Do consumers associate united.com with United Van Lines, United Airlines, or some other company? Does the domain name american.com lead to a website belonging to American Airlines or some other company? (It currently belongs to Cisco Systems.) Does altima.com (which incorporates the name of one of Nissan Motor's automobile models) belong to Nissan Motor? (In fact, it belongs to an unaffiliated computer maker.) Does plymouth.com lead to the website of the automaker? (It belongs to an unaffiliated steel company.) Nissan Motor's argument amounts to an assertion that the "most prominent" user of a particular term as a

(Continued on following page)

it granted summary judgment to Nissan Computer on Nissan Motor's claim under the Anticybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. § 1125(d), the district court found that there was no genuine issue of material fact that Nissan Computer *had not* created "a likelihood of confusion as to the source, sponsorship, affiliation or endorsement of the [nissan.com] site." Opp. Appx., p. 13. Nissan Motor never challenged that finding in the Ninth Circuit, and cannot now argue that Nissan Computer's mere use of the domain name creates confusion that can be enjoined under the Lanham Act. Indeed, Nissan Motor does not challenge the district court's finding that there was no genuine factual dispute that the posting of non-automobile related advertising at nissan.com and nissan.net did not create consumer confusion, a ruling the Ninth Circuit specifically affirmed. Pet. Appx., p. 25a.

3. In addition to the procedural flaws in the petition, petitioners have failed to demonstrate that there is any conflict between the decision below and the rulings of any other court of appeals. The petition cites three reported appellate decisions as supposedly holding that Lanham Act claims can be brought, consistent with the First Amendment, against non-commercial uses of trademarks in domain names for web sites that criticize the trademark holder. None of these cases so holds; at most, they contain dictum about whether the commercial impact of criticism

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trademark is entitled to exclude all others from using that term as part of a domain name regardless of whether the goods advertised on the website appearing at that domain name are related to those of the "most prominent" user. But such reasoning amounts to giving a trademark owner "rights in gross" in a particular term, rather than the right to prevent consumer confusion.

is sufficient to warrant a Lanham Act injunction. *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359 (4th Cir. 2001), was a classic cybersquatting case in which the defendant had registered numerous trademarks as domain names, including the domain name peta.org, and then linked that website to numerous companies selling meat, fur, and the like. He then told media sources that, if PETA wanted his domain name, they should make him an offer. The Court properly treated the links to commercial entities providing services contrary to the plaintiff's philosophy as a commercial use. 263 F.3d at 366.

In *Coca-Cola Co. v. Purdy*, 382 F.3d 774 (8th Cir. 2004), an individual who had previously been found guilty of cybersquatting registered numerous domain names containing the trademarks of major companies such as Coca-Cola and the Washington Post and used them for web sites that displayed graphic photographs of aborted fetuses and appealed for donations to the anti-abortion cause. 382 F.3d at 779. Purdy also demanded space on the Post's editorial page as a condition for relinquishing the domain names, a demand that the court treated as commercial use because Purdy was seeking to extort a thing of value, albeit not a payment of money. *Id.* at 786.

E. & J. Gallo Winery v. Spider Webs Ltd., 286 F.3d 270 (5th Cir. 2002), was yet another classic cybersquatting case involving defendants who were in the business of registering trademarks as domain names and selling those names to the trademark holders. A subsequent Fifth Circuit decision, holding that non-commercial criticism sites are beyond the reach of the trademark laws, distinguished *Gallo* on precisely this ground. *TMI, Inc. v. Maxwell*, 368 F.3d 433 (5th Cir. 2004). Nissan Motor's

contention that the Fifth Circuit has an intra-circuit conflict on this issue is preposterous.

Thus, none of the court of appeals cases upon which Nissan Motor relies holds that the mere adverse impact of using a trademark as a domain name for a website where critical information is posted is sufficient to render speech commercial under either the Lanham Act or the First Amendment. Petitioners also cite a handful of district court decisions that were affirmed without published decision as showing that other "circuits" have upheld Lanham Act claims against noncommercial web sites based solely on their adverse impact on the trademark holder. However, not only did each of those cases involve plainly commercial uses, but one of them was in a district which, like the Fifth Circuit in *Maxwell*, has since rejected a cybersquatting claim against a non-commercial user.[4]

Not only is Nissan Motor's claim of a conflict among the lower courts overblown, but its claim that mere

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[4] In *Planned Parenthood v. Bucci*, 42 USPQ2d 1430 (S.D.N.Y. 1997), *aff'd mem.*,152 F.3d 920 (2d Cir. 1998), the defendant used plannedparenthood.com as the domain name for a web site showing the legend "Welcome to the Planned Parenthood Home Page" to lure viewers to a page advertising an anti-abortion book for sale. In *OBH v. Spotlight Magazine*, 86 F. Supp.2d 176 (W.D. N.Y. 2000), defendant used the domain name thebuffalonews.com to draw viewers to his rental advertising web site that competed with The Buffalo News's classified section. And in *Jews for Jesus v. Brodsky*, 993 F. Supp. 282 (D. N.J. 1998), *aff'd mem.*, 159 F.3d 1351 (3d Cir. 1998), the defendant used the domain name jewsforjesus.org to bring viewers to the web site of a rival organization, "Outreach Judaism," where they could buy Judaica and various Jewish publications. In a later decision, however, the same court rejected a cybersquatting claim against a defendant who registered mayflowertransit.com for a web site that complained about how Mayflower treated his belongings during a move. *Mayflower Transit v. Prince*, 314 F.Supp.2d 362, 369-371 (D.N.J. 2004).

adverse impact on a business can render speech commercial flies in the face of decades of precedent from this Court. For example, the boycott of segregationist businesses at issue in *NAACP v. Claiborne Hardware Co.*, 458 U.S. 886 (1982) was designed to, and undoubtedly did have, a harmful effect on the businesses boycotted. But such deleterious effect did not suddenly transform noncommercial speech into commercial speech that could be regulated by the courts. Similarly, in *Organization for a Better Austin v. Keefe*, 402 U.S. 415, 418 (1971), the Court held that an injunction barring a civil rights group from circulating a leaflet criticizing a real estate agent was an impermissible prior restraint, despite the agent's proof of adverse impact on its business. Because that decision was issued several years before the Court first held that commercial speech is protected by the First Amendment, the Court must necessarily have treated the flyer as noncommercial speech.

As one court has pointed out in rejecting an argument from a trademark holder similar to that of Nissan Motor here,

> just because speech is critical of a corporation and its business practices is not a sufficient reason to enjoin the speech. As the First Circuit stated, if a trademark owner could 'enjoin the use of his mark in a noncommercial context found to be negative or offensive, then a corporation could shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct.' *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 33 (1st Cir. 1987). It is important that trademarks not be 'transformed from rights against unfair competition to rights to control language.' Mark A. Lemley, *The Modern Lanham*

> *Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1710-11 (1999). Such a transformation would diminish our ability to discuss the products or criticize the conduct of companies that may be of widespread public concern and importance.

CPC Int'l, Inc. v. Skippy, Inc., 214 F.3d 456, 462 (4th Cir. 2000).

In short, the decision below is consistent both with the consensus view of those lower courts that have decided the issue, as well as with this Court's longstanding precedent. This case is not worthy of review.

4. Even if the Court wished to take a case involving the proper treatment under the Lanham Act and the First Amendment of claims against persons who use a company's trademark as the domain name of a web site that criticizes the company, this case differs enough from the general run of such cases that it would not be a good vehicle for addressing that issue. The major difference between most of the non-commercial "gripe site" cases and this case is that here, Mr. Uzi Nissan and Nissan Computer share the name with Nissan Motor (as well as many other unaffiliated businesses), and the nissan.com and nissan.net sites were not set up solely to post disparaging commentary about a trademark holder (indeed, links to sites with such "disparaging commentary" did not appear on the Nissan Computer sites until *after* Nissan Motor had sued it, seeking $10 million in damages).

Nissan Computer has as much claim to the Nissan domain names as Nissan Motor does, and the reasons why a court should be reluctant to strip Nissan Computer of its chosen domain names are considerably different from the reasons that apply when the only reason for the use of a

domain name that incorporates a trademark is to designate the subject of the web site, and not also its sponsor. To be sure, if the lower courts had upheld Nissan Motor's claims with respect to famousness and dilution, Nissan Motor would at least have had an argument that it had a stronger claim to the names, but as described above the Ninth Circuit has vacated the summary judgment on those issues and remanded for a trial on the merits.

It is because Nissan Computer had its own rights to the domain names, even under the now-reversed famousness and dilution rulings that the district court originally made, that the district court was compelled to balance the equitable interests of the two sides and resolved them by issuing the content-based injunction that the Ninth Circuit properly held was offensive under the First Amendment. By the same token, the peculiar nature of the factual setting in which the Ninth Circuit ruled belies Nissan Motor's contention that there are conflicts between the decision below and the run of cases decided in other circuits about the use of domain names for complaint sites erected by dissatisfied consumers. The ruling in this case arose from facts that are nearly *sui generis*, and even if the Court may need to address the propriety of those rulings in some future case, this case would not be the right vehicle for doing so.

B. Nissan Motor's Asks The Court To Expand The Doctrine Of Initial Interest Confusion Despite the Absence Of Any Conflict Among The Lower Courts On This Point and Despite Its Inability To Identify Any Lower Court That Has Adopted Its Analysis.

Nissan Motor's third and final question presented asks the Court to decide whether the initial interest

confusion doctrine of trademark infringement should be defined in the Internet context as applying regardless of whether the goods and services of the defendant are related to the goods and services of the trademark holder. This aspect of the petition is not worthy of review both because there is no conflict among the lower courts on this issue and, indeed, because not a single lower court has ever extended initial interest confusion as far as Nissan Motor requests.

In most contexts, the cause of action for trademark infringement is intended to protect against a third party's use of a protected mark in a manner that confuses consumers about the source of goods and services that they buy. There is no protection against merely temporary or ephemeral confusion. However, a few courts have held that, when a third party uses a mark in a confusing way to attract consumers to give serious consideration to its own competing product, and thereby gains sales even from those consumers who come to understand that they are dealing with a different seller before they make the purchase, the "initial interest" that the third party gains from its confusing advertising may in some instances be remediable as a form of actionable trademark infringement.

Several courts have adopted this doctrine. *PACCAR v. Telescan Technologies*, 319 F.3d 243, 253 (6th Cir. 2003); *Checkpoint Sys. v. Check Point Software Tech.*, 269 F.3d 270, 296-297 (3d Cir. 2001); *Brookfield Communications v. West Coast Entertainment*, 174 F.3d 1036, 1062 (9th Cir. 1999). Because of judicial perceptions (or misperceptions) about the fickleness of Internet viewers, most of the cases applying the doctrine have been Internet cases. Other courts, however, have deliberately

refrained from "entering the initial interest confusion thicket," *Hasbro v. Clue Computing*, 232 F.3d 1, 2 (1st Cir. 2000), and this Court has never even mentioned the phrase.

This case would not be a good vehicle for addressing that doctrine because even Nissan Motor has been unable to identify a single case from any other lower court with which the decision below is supposedly in conflict. Every one of the cases cited in the final section of the petition, at pages 21-28, except for a pair of district court decisions cited in passing, are decisions of the Ninth Circuit. A purported conflict within a circuit is no reason for granting certiorari, and in any event the Ninth Circuit denied the petition for rehearing en banc without a single vote for rehearing. The two district court cases that petitioners cite simply mention initial confusion, but do not conflict with the decision below.

Indeed, every case that has considered the question has held that, at the very least, the unrelatedness of the two parties' goods is a strong reason to refuse to apply the doctrine of initial interest confusion. *E.g., Checkpoint Sys.*, 269 F.3d at 296-97; *Brookfield*, 174 F.3d at 1056. And no case has held that initial interest confusion was present despite the unrelatedness of the goods. As the Ninth Circuit pointed out below,

> An internet user interested in purchasing, or gathering information about Nissan automobiles would be likely to enter nissan.com. When the item on that website was computers, the auto-seeking consumer 'would realize in one hot second that she was in the wrong place and either guess again or resort to a search engine to locate' Nissan Motor's site. . . . A consumer might

> initially be incorrect about the website, but Nissan Computer would not capitalize on the misdirected consumer.

Pet. Appx., p. 25a, quoting *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 946 (9th Cir. 2002).

With no conflict among the circuits and, in fact, the general agreement of every court to consider the question, Nissan Motor's desire to expand the doctrine of initial interest confusion is no basis for review here. There is simply no conflict worthy of this Court's attention.

Equally important, Nissan Motor's attempt to expand the initial interest confusion doctrine of trademark infringement, so that it allows the owner of an allegedly famous trademark to control non-competing uses of the trademark on the Internet, ignores the provisions of the FTDA. Congress has *already* provided the owners of "famous" trademarks with a remedy against non-competing uses of those trademarks – a cause of action for dilution under 15 U.S.C. § 1125(c). Unfortunately for Nissan Motor, the Ninth Circuit found that Nissan Motor had not proved the elements of a dilution claim. This Court should not rewrite the law of trademark infringement in order to give Nissan Motor a remedy Congress has confined to those trademark holders who can prove the elements of a cause of action for trademark dilution.

Nissan Motor's argument boils down to the claim that the owner of an allegedly "famous" trademark is entitled to control another's use of that mark on the Internet *regardless* of whether that use creates consumer confusion. While that argument might have some force if Nissan Motor were to prevail on its claim for trademark dilution, the argument is utterly fallacious as applied to Nissan

Motor's claim of "initial interest confusion." Initial interest confusion is a species of trademark infringement, and "[t]he core element of trademark infringement is whether the similarity of the marks is likely to confuse customers about the source of the products." *Interstellar Starship*, 304 F.3d at 941. If there is no consumer confusion – and there was none in this case with respect to third party advertising that did not involve any auto-related products – then there can be no infringement. Nissan Motor is attempting to blur the distinction between dilution and infringement because it could not prove the elements of a dilution claim against Nissan Computer.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

NISSAN MOTOR CO., LTD., a Japanese corporation; NISSAN NORTH AMERICA, INC., a California corporation, Plaintiffs, v. NISSAN COMPUTER CORPORATION, a North Carolina corporation, Defendant.	Case No. CV 99-12980 DDP (Mcx) **ORDER GRANTING THE DEFENDANT'S MOTION FOR PARTIAL SUMMARY JUDGMENT AS TO THE CYBER-SQUATTING CLAIM** [Motion filed on 10/15/01] (Filed Jan. 9, 2002)

This matter comes before the Court on the defendant's motion for partial summary judgment as to the plaintiffs' claim for cybersquatting. After reviewing and considering the materials submitted by the parties and hearing oral argument, the court grants the motion.

BACKGROUND

Plaintiff Nissan Motor Co., Ltd., is a large Japanese automaker. Its subsidiary, plaintiff Nissan North America, Inc. markets and distributes Nissan vehicles in the United States. Nissan Motor Co. owns, and Nissan North America is the exclusive licensee of, various registered trademarks using the word "Nissan" in connection with automobiles and other vehicles. (Rinek Decl. ¶ 4-5 Ex. B to Mayer Decl.) The first such trademark was registered in 1959. (*Id.*) Nissan North America also operates an Internet website at "www.nissan-usa.com."

The defendant, Nissan Computer Corporation, is a North Carolina company in the business of computer sales and services. The company was incorporated in 1991 by Uzi Nissan, its current president. (Greenstein Decl. ¶ 6 Ex. 199.) Mr. Nissan has used his surname in connection with various businesses since 1980. (*Id.* ¶¶ 2-3; Exs. 39-40.) Nissan is also a term in the Hebrew and Arabic languages. (*Id.* ¶ 2 & Ex. 38.) In 1995, the defendant registered a trademark for its Nissan Computer logo with the state of North Carolina. (*Id.* Ex. 45.)

The defendant registered the Internet domain names "nissan.com" and "nissan.net" in May 1994 and March 1996, respectively. (Compl. Exs. B, C.) For the next several years, the defendant operated websites at these addresses providing computer-related information and services. In July 1995, the plaintiffs sent the defendant a letter expressing "great concern" about use of the word Nissan in the defendant's domain name. (Greenstein Decl. ¶13 Ex. 199.)

In August 1999, the defendant altered the content of its "nissan.com" website. (Davis Decl. ¶ 7 Ex. C to Mayer Decl.) The website was captioned "nissan.com," and displayed a "Nissan Computer" logo that is allegedly confusingly similar to the plaintiffs' "Nissan" logo. (Mayer Decl. Ex. F.) In addition, the website displayed banner advertisements and web links to various Internet search engines and merchandising companies. (Davis Decl. ¶ 8 Ex. C to Mayer Decl.) These advertisements included links to automobile merchandisers, such as "AutoNationDirect.com," "AutoVantage.com," and "CarTrackers.com." (*Id.*)

In October 1999, the parties met to discuss the possible transfer of the nissan.com domain name. (Greenstein Decl. ¶ 28 Ex. 199.) In the course of these discussions, Mr. Nissan stated that he would not sell the domain name except for several million dollars, and made a proposal involving monthly payments in perpetuity. (*Id.* ¶ 31,) Negotiations were unsuccessful.

PROCEDURAL BACKGROUND

On December 10, 1999, the plaintiffs filed this action against the defendant, asserting claims for (1) trademark dilution in violation of federal and state law; (2) trademark infringement; (3) domain name piracy; (4) false designation of origin; and (5) state law unfair competition. Also on December 10, the Court denied the plaintiffs' request for a temporary restraining order and scheduled a preliminary injunction hearing. On February 4, 2000, the defendant filed a motion to dismiss for lack of personal jurisdiction or, in the alternative, for improper venue. The plaintiffs' motion for a preliminary injunction came before the Court for oral argument on February 7, 2000. The Court deferred ruling on the preliminary injunction pending briefing on the defendant's motion to dismiss.

On March 23, 2000, the Court issued an order granting the plaintiffs' motion for a preliminary injunction and denying the defendant's motion to dismiss. *Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1162-64 (C.D. Cal. 2000).[1] The Court found that the plaintiffs

[1] The Court's March 23, 2000 order was affirmed by the Ninth Circuit on December 26, 2000. *Nissan Motor Co.. Ltd. v. Nissan Computer Corp.*, 246 F.3d 675 (Table) 2000 WL 1875821 (9th Cir. 2000).

had demonstrated a valid, protectable trademark interest in the "Nissan" mark and a likelihood of confusion. Accordingly, the Court held that the plaintiffs had shown a likelihood of success on the merits of their trademark infringement claim. The Court ordered the defendant to post prominent, identifying captions and disclaimers on its "nissan.com" and "nissan.net" websites, and to cease displaying automobile-related content on these websites.

On May 10, 2000, the defendant filed counterclaims against the plaintiffs alleging (1) "reverse domain name hijacking;" (2) interference with prospective economic advantage; (3) unfair competition/unfair trade practices; (4) unjust enrichment/constructive trust; (5) accounting; (6) "trademark misuse/cancellation of registrations;" and (7) fraud on the U.S. Patent and Trademark Office.

On July 31, 2000, the Court dismissed with prejudice: the defendant's first and sixth counterclaims because they had no basis in law; and the defendant's second through fifth counterclaims, inasmuch as they were brought based on the plaintiffs' commencement of litigation, because they were barred by the *Noerr-Pennington* doctrine and California's litigation privilege. The Court did not dismiss the defendant's second through fifth counterclaims, inasmuch as they were brought based on the plaintiffs' nonlitigation conduct.

On May 29, 2001, the defendant filed a motion for leave to file a second amended answer ("SAA"). The proposed SAA reasserted 'the defendant's second through fifth original counterclaims and asserted new counterclaims for (1) "cancellation of trademark registrations and abandonment of pending trademark applications;" (2) "fraud in the United States Patent and Trademark Office;"

(3) "violation of right to publicity in name;" and (4) false advertising. On August 1, 2001, the Court granted in part, and abstained from deciding in part, the defendant's motion.

On September 17, 2001, the plaintiffs filed a motion to amend their complaint. The Court granted the motion.

On October 15, 2001, the defendant filed the instant motion for partial summary judgment as to the cyber-squatting claim.

DISCUSSION

A. Legal Standard

Summary judgment is appropriate where "there are no genuine issues as to any material fact and . . . the moving party is entitled to summary judgment as a matter of law." Fed. R. Civ. P. 56(c). A genuine issue exists if "the evidence is such that a reasonable jury could return a verdict for the nonmoving party," and material facts are those "that might affect the outcome of the suit under the governing law." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986). Thus, the "mere existence of a scintilla of evidence" in support of the nonmoving party's claim is insufficient to defeat summary judgment. *Id.*. at 252. In determining a motion for summary judgment, all reasonable inferences from the evidence must be drawn in favor of the non-moving party. *Id.* at 242.

B. Analysis

1. The Anticybersquatting Consumer Protection Act

The Anticybersquatting Consumer Protection Act (the "ACPA"), 15 U.S.C. § 1125(d), was enacted in 1999 in response to concerns over the proliferation of cybersquatting. *Virtual Works, Inc. v. Volkswagen of America*, Inc., 238 F.3d 264, 266 (4th Cir. 2001). "Cyberquatting is the practice of registering 'well-known brand names as Internet domain names' in order to force the rightful owners of the marks 'to pay for the right to engage in electronic commerce under their own brand name.'" *Id.* In order to be liable under the ACPA, the defendant must (1) possess the bad faith intent to profit from another's mark and (2) registers, traffics in, or uses a domain name that is confusingly similar to a "famous" or "distinctive" mark. 15 U.S.C. § 1125(d)(1)(A)(i).[2]

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[2] The ACPA, 15 U.S.C. § 1125(d) states in pertinent part:

> [a] person shall be liable in a civil action by the owner of a mark, . . . if, without regard to the goods or services of the parties, that person
>
> (i) has a bad faith intent to profit from that mark . . . , and
>
> (ii) registers, traffics in, or uses a domain name that
>
> (I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark;
>
> (II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark;

15 U.S.C. § 1125(d).

2. Whether the defendant possessed a bad faith intent to profit from Nissan Motor's trademark?

Section 1125(d)(1)(B)(i) of the ACPA states that "[i]n determining whether a person has a bad faith intent described under; subparagraph (a), a court may consider factors such as, but not limited to" a list of nine factors. 15 U.S.C. § 1125(d)(1)(B)(i). The nine factors listed in the ACPA as indicia of bad faith are not exclusive, and the determination of bad faith is to be made on the basis of the "unique circumstances" of each case. *Sporty's Farm LLC v. Sportsman's Market, Inc.*, 202 F.3d 489, 499 (2d Cir. 2000).

The nine factors to be considered are:

(1) the trademark or other intellectual property rights of the person, if any, in the domain name;

(2) the extent to which the domain name consists of the legal name of the person;

(3) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(4) the person's bona fide noncommerical or fair use of the mark in a site accessible under the domain name;

(5) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(6) the person's offer to transfer, sell or otherwise assign the domain name to the mark owner or any

third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern if such conduct;

(7) the person's provision of material and misleading false contact information when applying for registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(8) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive or famous at the time of registration; and

(9) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection(c)(1) of this section.

15 U.S.C. § 1125(d)(1)(B)(i).

a. The defendant has chosen a domain name that incorporates a part of its service mark

The defendant has operated under its present name since its formation in 1991.[3] (Def's Mtn. at 10.) The defendant has had a registered service mark incorporating the words "Nissan Computer" in North Carolina since 1995. (*Id.* at 10.) Accordingly, the defendant argues that it has simply chosen a domain name that incorporates a part

[3] In 1991, Mr. Nissan granted Nissan Computer a license to use his surname. (Def's Mtn. at 10.)

of its service mark, a common strategy for business on the Internet. (Def 's Mtn. at 11.)

Indeed, "domain names that are abbreviations of a company's formal name are quite common. To view the use of such names as tantamount to bad faith would chill Internet entrepreneurship with the prospect of endless litigation." *Virtual Works. Inc. v. Volkswagen of America, Inc.*, 238 F.3d 264, 269 (4th Cir. 2001). Furthermore, courts have rejected the notion that trademark law requires that title to domain names that incorporate trademarks or portions of trademarks be provided to trademark holders. *See, e.g., HGM, Ltd. v. Hatfield,* 71 F.Supp.2d 500, 508 (D. Md. 1999); *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F.Supp.2d 117, 125 (D. Mass. 1999); *Teletech Customer Care Management (Cal.), Inc. v. Tele-Tech Co.*, 977 F.Supp.1407, 1414 (C.D. Cal. 1997). Hence, the Court finds that this factor weighs in favor of the defendant.

b. The domain name is the surname of Uzi Nissan

The domain name at issue "consists of the legal name" of the owner of the corporation and the licensor of the "Nissan" name, both of which are Mr. Nissan. (Def's Mtn. at 11.) Moreover, the fact that [the] domain name consists of the surname of the owner of the corporation, distinguishes the instant case from traditional cybersquatting fact patterns.[4] Here, the defendant registered "nissan.com" and

[4] The traditional cybersquatting fact pattern is where a third party has intentionally registered someone's trademark, thereby preventing the rightful owner from using it as a domain name, usually for the purpose of profiting by selling it to the trademark owner or otherwise taking commerical [sic] advantage of it. Ian C. Ballon, *E-Commerce and Internet Law,* vol. 1:11:01 at 11-6, 7 (2000).

started the website in connection with its legitimate computer business. Additionally, the defendant does not have a pattern of registering famous trademarks and extorting them to the owners.

In response, the plaintiffs contend that although courts should protect those who use their legal name or nickname as part of a business, when that name has already become famous as a trademark, a latecomer may not use the name in a commercially confusing manner. (Pls' Opp. At 20.) Although this Court has found that the defendant has infringed on the plaintiffs' trademark regarding auto related goods and services, that does not necessarily mean that the defendant's use of "nissan.com" is cybersquatting. Indeed, the ACPA "does not extend to . . . someone who is aware of the trademark status of the name but registers a domain name containing the mark for any reason other than with bad faith intent to profit from the goodwill associated with that mark." *Harrod's Limited v. Sixty Internet Domain Names,* 110 F.SUpp.2d 420, 426 (E.D. Va. 2000) (quoting H.R. Conf. Rep. No. 106-464 (1999)). The ACPA was intended to combat cybersquatting not trademark infringement. Accordingly, the defendant's infringement of the plaintiffs' trademark regarding auto related goods and services, does not establish that the defendant possessed the bad faith intent to profit from the plaintiffs' mark as required under the ACPA.

The plaintiffs also contend that because the defendant chose to register the domain names "nissan.com" and "nissan.net" rather than "nissancomputer.com" or "nissancomputer.net", the defendant clearly acted with the bad faith intent to profit from the strength and fame of the "Nissan" mark. (Pls' Opp. At 21.) For support, the plaintiffs rely on

Virtual Works, 283 F.3d 264 (4th Cir. 2001), which found that the defendant had infringed upon Volkswagen's trademark by registering "vw.net" and noting that other non-infringing domain names were still available. *Id.* at 266.

The Court, however, finds that *Virtual Works* is distinguishable from the instant case. Although the *Virtual Works,* court found circumstantial evidence of bad faith from the fact that "vwi.org" and "vwi.net" were available at the time the defendants registered "vw.net", the *Virtual Works* Court made its decision based upon direct evidence of bad faith intent. *Id.* at 269. The *Virtual Works* court found that when the "vw.net" domain name was registered, the defendants specifically acknowledged that "vw.net" might be confused with Volkswagen by some Internet users. *Id.* Moreover, the defendants admitted that they hoped to one day sell the site to Volkswagen "for a lot of money". *Id.*

c. The defendant has been using "nissan.com" in connection with its computer business since 1994

Since it registered "nissan.com" in 1994, the defendant has used the domain name continuously for the offering of its computer and Internet related goods and services. (Def's Mtn, at 11.) Clearly, the third factor weighs in favor of the defendant.

d. Although the defendant may have intended to divert consumers from the "Nissan" online location, the defendant did not create a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site

The Court in its findings has determined that the defendant infringed on the plaintiffs' trademark regarding auto related goods and services by diverting the consumer's initial interest in Nissan vehicles. The inquiry under the statutory indicia of bad faith for the ACPA, however, is different from the trademark infringement analysis of initial interest confusion. A defendant can be liable, as here, for trademark infringement under the initial interest confusion doctrine if, by using a domain name similar to that of a trademark owner, he intends to use the confusion to divert the trademark owner's customers to his own competing products or services. *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999). The ACPA, however, requires more: (1) an intent to divert customers from the mark owner's site and (2) an intent to create a "likelihood of confusion as to the source, sponsorship, affiliation or endorsement of the site." 15 U.S.C. 1125(d)(1)(B)(i)(V). In other words, while initial interest confusion may be actionable even if the consumer is aware that he or she is buying a product unaffiliated with that of the plaintiff, cybersquatting requires an intent to cause confusion as to the source, sponsorship, affiliation or endorsement of the site.

Here, the defendant's web sites, have, since their inception prominently displayed the name and business locations of Nissan Computer. (Def's Mtn. at 12.) The advertising posted at the "nissan.com" web site is not for

Nissan automobiles. (*Id.*) Moreover, "it is not logical that a reasonably prudent Internet user would believe that sites which contain[] no reference to a trademark and which are linked to . . . a site that clearly is not sponsored by the trademark owner are in some way sponsored by the trademark owner." *Bally Total Fitness Holding Corp. v. Faber*, 29 F.Supp.2d 1161, 1169 (C.D. Cal. 1998).

Although the defendant may have intended to divert traffic from "Nissan's" web site, the defendant did not create a likelihood of confusion as to the source, sponsorship, affiliation or endorsement of the site. The Court, therefore, finds that this factor weighs in favor of the defendant.

e. Although the defendant offered to sell the domain name to the plaintiffs for financial gain, the defendant used the domain name in connection with its bona fide computer business since 1994

The plaintiffs argue that the defendant's offer to sell the domain name for fifteen million dollars is an exorbitant amount and is grossly incommensurate with the value and scope of the defendant's failing computer business. (Pls' Opp. at 19.) However, the ACPA requires that the offer to sell be made without having used the domain name in the bona fide offering of any goods or services. 15 U.S.C. 1125(d)(1)(A)(VI). Here, the defendant had used the domain name for more than four years in connection with its computer business. (Def's Reply at 7.) Hence, the Court finds that this factor weighs in favor of the defendant.

f. The defendant did not provide material and misleading false contact information when applying for registration of the domain name, and the defendant does not have a prior pattern that would indicate such conduct

There is no dispute that the defendant provided accurate contact information in registering its domain name and has never engaged in any misleading conduct with regard to its registration.

g. The person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive or famous at the time of registration

Here, the defendant registered "nissan.com" and "nissan.net." The defendant asserts that it has registered no domain names beyond those used in its business. Indeed, there is no evidence that the defendant has engaged in the typical pattern of cybersquatting whereby someone registers numerous domain names in which he had no intellectual property interest in the hope of extorting them to the trademark holders. Thus, the Court finds that this factor weighs in the defendant's favor.

h. The "Nissan" mark incorporated in the defendant's domain name registration is a valid and protectable mark with strong secondary meaning

In its findings regarding the parties' cross motions for summary judgment as to the infringement claim, the Court determined that the plaintiffs have a valid and protectable interest in the "Nissan" mark, and that the

mark has strong secondary meaning. As such, the Court finds that this factor favors the plaintiffs. In this context, the Court looks to whether the fact that the defendant's domain names incorporate the plaintiffs' valid and protectable mark with strong secondary meaning, precludes summary judgement in favor of the defendant on the cybersquatting claim. Although under the ACPA this factor is important in the analysis of bad faith intent, given the facts of the instant case the Court does not find the factor determinative. Indeed, the determination of bad faith is to be made on the basis of the "unique circumstances" of each case. *Sporty's Farm LLC,* 202 F.3d at 499 (2d Cir. 2000).

i. Other factors

The majority of the factors discussed above weigh in favor of finding that the defendant did not possess the bad faith intent required under the ACPA. On balance, the remaining factor does not alter this conclusion. Specifically, the remaining factor, the defendant's bona fide noncommerical or fair use of the mark in a site accessible under the domain name does not apply to the instant case.

j. Conclusion

Essentially, the statutory indicia of bad faith under the ACPA favor the defendant. The facts of the instant case do not present a situation where the defendant engaged in conduct that was meant to be outlawed as cybersquatting. Indeed, the facts of the instant case are readily distinguishable from those in which the courts have found actionable cybersquatting. In the traditional cybersquatting cases, there was clear evidence that the defendant had registered the domain name with an intent

to either ransom it to the trademark holder or to deprive a competitor of that domain name. *See e.g., Porsche Cars North America, Inc. v. Spencer,* 55 U.S.P.Q. 2d 1026 (E.D. Cal. 2000) (defendant who had registered "porsche-source.com" along with other domain names containing names of other makes of automobiles, who had not used domain names in any legitimate business, and who had attempted to auction off the various domain names, preliminary enjoined from attempting to sell domain name); *Sporty's Farm LLC,* 202 F.2d at 498 (defendant had registered domain name of competitor, then transferred it to another business it owned, which began using the domain name to promote its business only after litigation began, court found obvious bad faith intent to keep domain name from competitor); *Virtual Works, Inc.*, 238 F.3d at 269 (defendant's admitted intent, at the time of registering domain name "vwnet.com" to sell it to Volkswagen for "a lot of money" sufficient evidence of bad faith). Accordingly, the Court grants the defendant's motion for summary judgment as to the plaintiffs' claim of cybersquatting.

CONCLUSION

Based on the foregoing analysis, the Court grants the defendant's motion for summary judgment as to the plaintiffs' claim of cybersquatting.

IT IS SO ORDERED.

Dated: 1-7-02

/s/ Dean D. Pregerson
DEAN D. PREGERSON
United States District
Judge